Outpatient Prescription Drug Expenses, 1999

MEPS

MEPS Chartbook No. 12

Medical Expenditure Panel Survey

Medicare/
non-Medicare

Population
subgroups

Therapeutic
classes of drugs

The estimates in this report are based on the most recent data available from MEPS at the time the report was written. However, selected elements of MEPS data may be revised on the basis of additional analyses, which could result in slightly different estimates from those shown here. Please check the MEPS Web site for the most current file releases—

www.meps.ahrq.gov

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MEPS Chartbook No. 12 by:

Marie N. Stagnitti, M.P.A.

G. Edward Miller, Ph.D.

John F. Moeller, Ph.D.

In 1999, outpatient prescription drug expenses in the U.S. civilian noninstitutionalized population totaled $94.2 billion and accounted for almost 16% of total health expenses.

The average prescription drug expense per person in the community population (including people with no expenses) was $341. The average per person with an expense (about 62% of the population) was $547.

Medicare beneficiaries comprised only 14% of the community population but accounted for more than 41% of prescription medicine expenses. The average drug expense was about four times larger for Medicare beneficiaries ($990) than for the non-Medicare population ($236).

Nearly half (46%) of the total spending for outpatient prescription drugs was paid by patients and their families. This percentage was more than twice as large as the out-of-pocket share for total health expenses (19%).

Medicare beneficiaries paid for a much larger portion of their drug expenses out of pocket (57%) than the non-Medicare population (39%).

The top 10% of the population (that is, the 10% of the population with the highest drug spending) accounted for 71% of expenses for the non-Medicare population and 41% of expenses among Medicare beneficiaries.

Drug expenses were concentrated among people in fair or poor health in both the Medicare and non-Medicare population.

The five therapeutic classes of drugs accounting for the largest expenses in the community population in 1999 were cardiovascular agents, hormones, central nervous system agents, psychotherapeutic agents, and respiratory agents.

The four therapeutic classes of drugs accounting for the largest expenses for children in the community population in 1999 were respiratory agents, anti-infectives, psychotherapeutic agents, and topical agents.

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Agency for Healthcare Research and Quality

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MEPS Medical Expenditure Panel Survey

introduction

This chartbook presents data from the 1999 Medical Expenditure Panel Survey (MEPS), which is sponsored by the Agency for Healthcare Research and Quality (AHRQ), on spending for outpatient prescription medicines for the U.S. civilian noninstitutionalized population. This chartbook is organized into three sections. Section 1 presents a summary of overall outpatient prescription medicine expenses and payments. Section 2 contains outpatient prescription medicine expenses and payments by various population groups. Section 3 contains expenses on outpatient prescription drugs by therapeutic class. See the "Definitions of Terms" section for information and definitions of the categories used throughout the Chartbook.

This Chartbook and other MEPS publications are available electronically on the MEPS Web site at <http://www.meps.ahrq.gov/>.

The estimates presented in this report come from the Medical Expenditure Panel Survey (MEPS) Household Component. MEPS is cosponsored by the Agency for Healthcare Research and Quality (AHRQ) and the National Center for Health Statistics (NCHS). It is a nationally representative survey of the U.S. civilian noninstitutionalized (community) population that collects data on medical expenses for both individuals and households. The MEPS Household Component collects detailed data on demographic characteristics, health conditions, health status, use of medical care services, charges and payments, access to care, satisfaction with care, health insurance coverage, income, and employment. Other MEPS components collect data on the use, charges, and payments reported by medical care providers and on the health insurance offerings and costs reported by employers.

Sources for more information on technical aspects of MEPS—such as the survey design and the methodology used to obtain estimates—are given in the references section.

MEPS data are released to the public in summary reports and microdata files. Summary reports are released in print and/or as electronic files on the MEPS Web site (www.meps.ahrq.gov). All microdata files are available for download from the MEPS Web site in compressed formats (Zip and self-extracting executable files). Selected data files are available on CD-ROM from the AHRQ Clearinghouse.

The estimates shown in this Chartbook are drawn from analyses from public use files (1999 Full Year Consolidated Data File HC-038 and 1999 MEPS Prescribed Medicines File HC-033A) and from other information available on the MEPS Web site. Only prescription

medicines, not over-the counter medicines, are included. Drugs were assigned to therapeutic classes by linking HC-033A to the Multum Lexicon database, a product of Cerner Multum, Inc. (http://www.multum.com).

Only differences that are statistically significant at the 0.05 level are discussed in the text. In some cases, totals may not add precisely to 100% because of rounding.

Overview

Outpatient prescription drugs play an ever-increasing role in health care delivery in the United States. MEPS data show that total outpatient drug expenses for the U.S. civilian noninstitutionalized population grew from $65.3 billion in 1996 to $94.2 billion in 1999, an increase of 44%. Meanwhile, prescription medicine spending increased its share of overall health care spending from 12% in 1996 to 16% in 1999.

This section presents information on overall expenses and sources of payments for outpatient prescription drugs used by the community population in 1999. It highlights and compares various statistics for the total, Medicare, and non-Medicare populations. It also presents information on the concentration of expenses for the total, Medicare, and non-Medicare populations. This information is useful in determining how equitably and efficiently drug resources are used.

What proportion of the community population has outpatient prescription medicine expenses?

- In 1999, 62% of the 276.4 million people in the U.S. civilian noninstitutionalized population had an outpatient prescription drug expense.

- Outpatient prescription drug expenses totaled $94.2 billion, accounting for almost 16% of total health care spending.

- The community population purchased a total of 2.1 billion prescriptions, an average of almost eight prescriptions per person.

Community population

No drug expense 37.6%

Drug expense 62.4%

276.4 million people

2.1 billion prescriptions

Outpatient prescription medicines
U.S. community population, 1999

Medical Expenditure Panel Survey
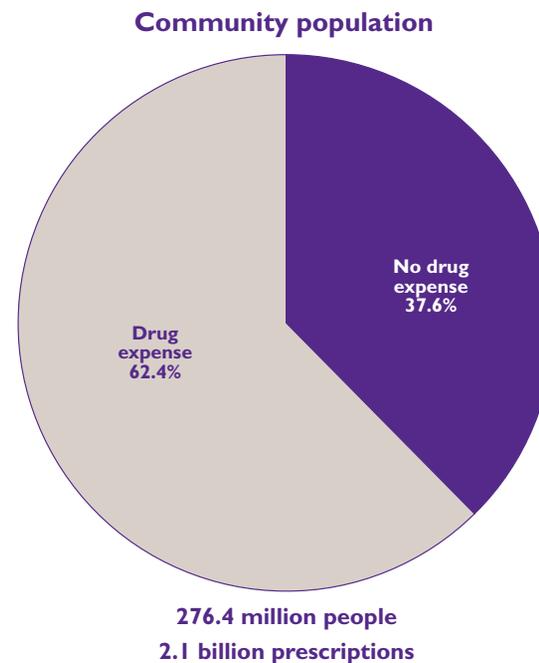
What are the mean and median expenses for prescription medicines?

- In 1999, about half of the community population had drug expenses of less than $31 (the median value). Most people with expenses below the median did not have any drug expense. The mean (average) expense per person was $341.

- Among people with at least one drug purchase, the mean expense ($547) was about three times larger than the median expense ($174).

**Mean and median expenses**

	Per person		Per person with expense	
	Mean $341	Median $31	Mean $547	Median $174

Outpatient prescription medicines
U.S. community population, 1999

To what extent do Medicare beneficiaries purchase a disproportionate share of prescription medicines?

- In 1999, the 38.6 million Medicare beneficiaries comprised only 14% of the community population but accounted for 40% of total prescription drug purchases and 41% of total prescription medicine expenses.

- The average drug expense per Medicare beneficiary ($990) was more than four times as large as the average expense for the non-Medicare population ($236).

Aggregate expenses and purchases

Mean expense

Legend:
- ■ Medicare
- ■ Non-Medicare

Aggregate chart data:
- Population: Medicare 14.0%, Non-Medicare 86.0%
- Purchases: Medicare 39.6%, Non-Medicare 60.4%
- Expenses: Medicare 40.5%, Non-Medicare 59.5%

Mean expense chart data:
- Medicare: $990
- Non-Medicare: $236

Outpatient prescription medicines
U.S. community population, 1999

Medical Expenditure Panel Survey
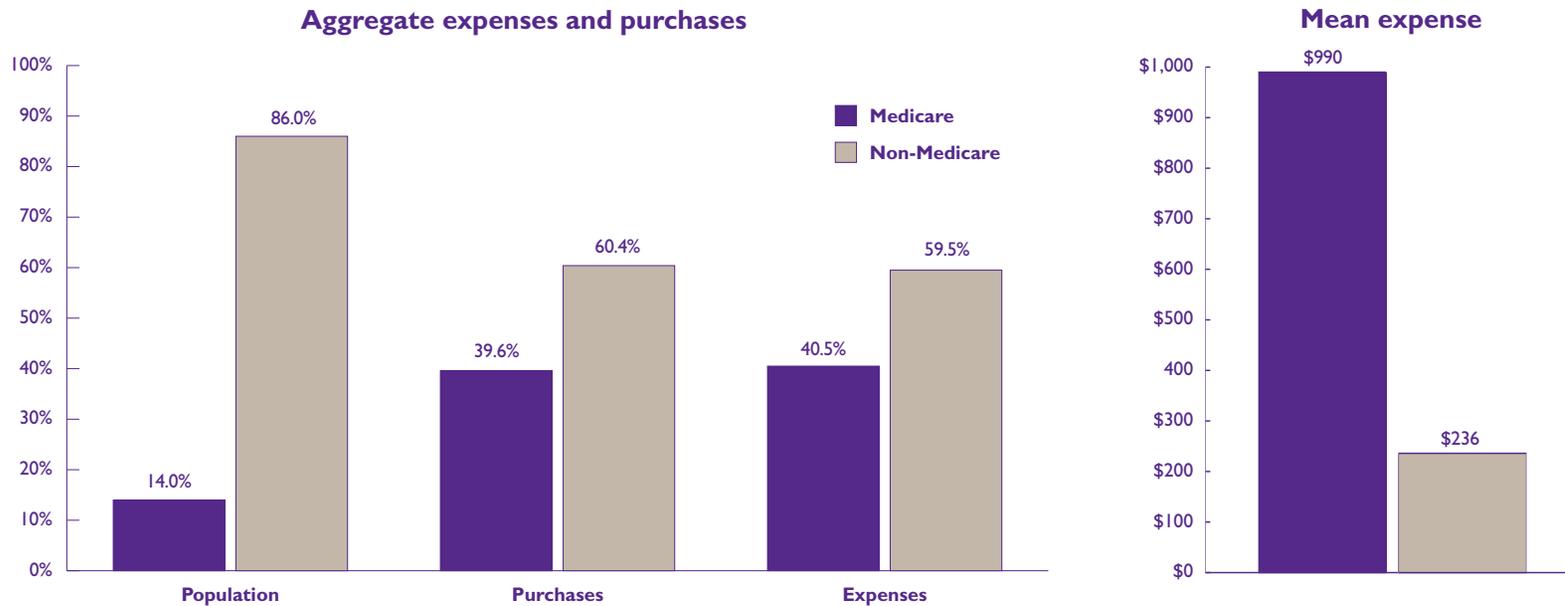
What factors account for higher average prescription medicine expenses for the Medicare population?

- In 1999, the difference in mean drug expenses between the Medicare and non-Medicare populations came primarily from differences in the quantities of drugs purchased rather than differences in the prices paid for drugs.

- A higher percentage of the Medicare population (88%) than the non-Medicare population (58%) purchased prescription drugs.

- The average number of prescription drug purchases for people with an expense was higher for Medicare beneficiaries (24) than for the non-Medicare population (9).

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Average prescription medicine price

Outpatient prescription medicines
U.S. community population, 1999
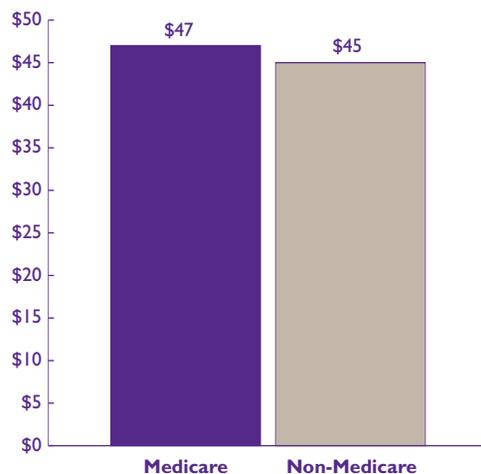
**Percent of population with expense**
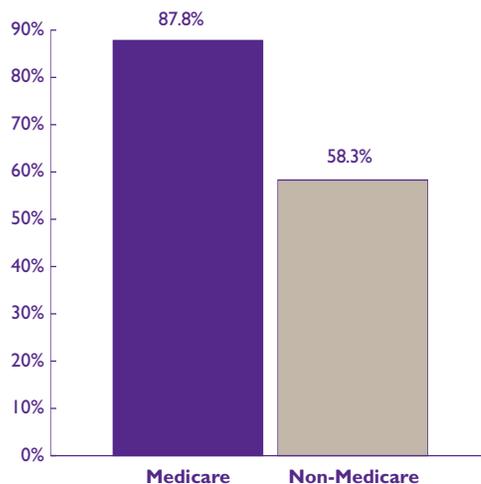
Average number of purchases per person with expense
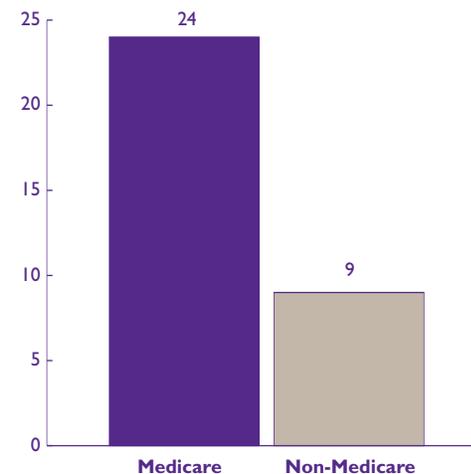
How are prescription medicine expenses concentrated in the Medicare and non-Medicare populations?

- In 1999, outpatient drug expenses were more concentrated in the non-Medicare population than among Medicare beneficiaries.

- The top 10% of the population (that is, the 10% of the population with the highest drug spending) accounted for 41% of expenses for the Medicare population and 71% of expenses for the non-Medicare population. Similarly, the top 30% of the population accounted for 75% of Medicare drug expenses and 95% of non-Medicare expenses.

- The bottom 50% (those below the median drug expense of $550 for Medicare beneficiaries and $17 for the non-Medicare population) accounted for 9% of Medicare drug expenses and less than 1% of non-Medicare expenses.

Concentration of drug expenses

Medicare:
- Top 10%: 41.0%
- Top 30%: 74.7%
- Bottom 50%: 8.8%

Non-Medicare:
- Top 10%: 70.6%
- Top 30%: 95.1%
- Bottom 50%: 0.3%

■ Top 10%   ■ Top 30%   □ Bottom 50%
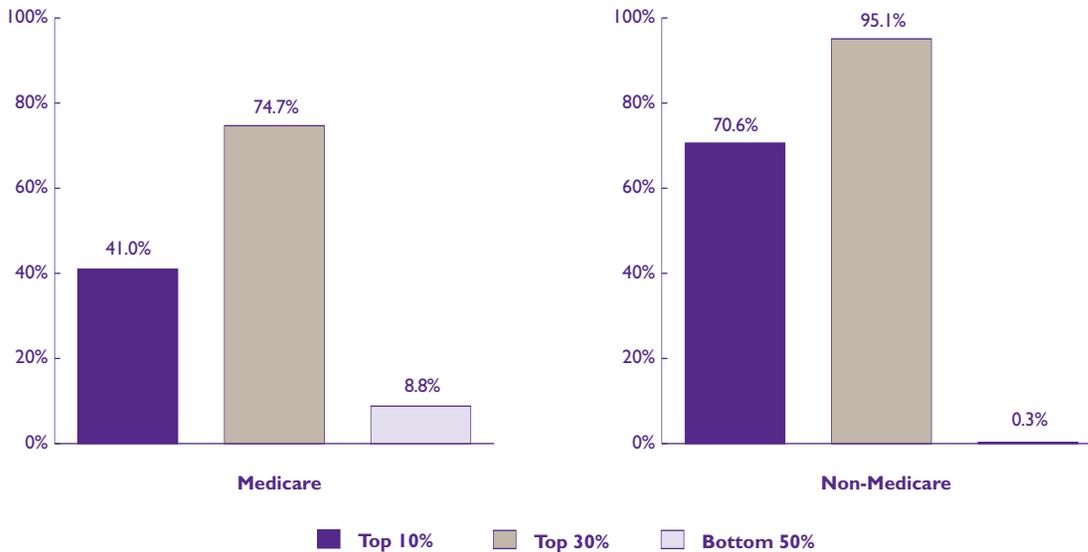
Outpatient prescription medicines
U.S. community population, 1999

Who pays for prescription medicines?

- In 1999, nearly half of the $94.2 billion spent for outpatient prescription drugs was paid by patients and their families. In comparison, only 19% of overall health care spending was paid for out of pocket.

- Private health insurance was the largest third-party payer for prescription drugs, accounting for a little more than a third of total expenses. Public insurers—primarily Medicaid—and other sources accounted for the remaining 18% in expenses.

Source of payment

Percent

46.2%	
35.4%	
18.4%	

50%
40%
30%
20%
10%
0%

Amount in billions

$43.5
$33.4
$17.3

$50
$40
$30
$20
$10
$0

■ **Out of pocket**   ■ **Private**   □ **Public and other**
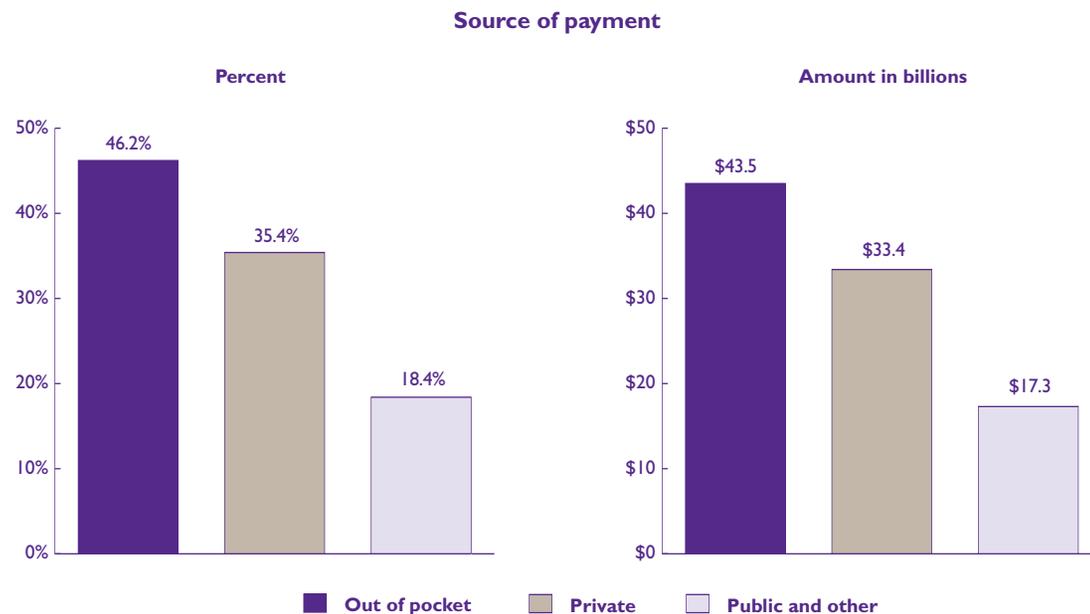
Outpatient prescription medicines
U.S. community population, 1999

Are sources of payment different for the Medicare and non-Medicare populations?

- In 1999, out-of-pocket payments accounted for nearly three-fifths (57%) of all prescription payments for Medicare beneficiaries but slightly less than two-fifths (39%) of prescription payments for the non-Medicare population.

- The share of prescription expenses paid by private insurance was three times as large for the non-Medicare population (48%) as for Medicare beneficiaries (16%).

- The share paid by public insurance and other sources was twice as large for Medicare beneficiaries (26%) as for the non-Medicare population (13%).

- Although total drug expenses for the Medicare population ($38.2 billion) were only about two-thirds the size of total expenses for the non-Medicare population ($56.1 billion), out-of-pocket expenses were about $22 billion for each group.

Source of payment

Percent

Legend:
- Out of pocket
- Private
- Public and other

Medicare:
- Out of pocket: 57.2%
- Private: 16.4%
- Public and other: 26.4%

Non-Medicare:
- Out of pocket: 38.7%
- Private: 48.3%
- Public and other: 13.0%

Outpatient prescription medicines
U.S. community population, 1999

Amount in billions

Medicare: $38.2
- Out of pocket: $21.8
- Private: $6.3
- Public and other: $10.1

Non-Medicare: $56.1
- Out of pocket: $21.7
- Private: $27.1
- Public and other: $7.3

Medical Expenditure Panel Survey

What is the insurance status of the Medicare and non-Medicare populations?

- In 1999, a little over half of all Medicare beneficiaries had Medicare and supplemental private insurance (53%). Smaller proportions had Medicare only (33%) or Medicare and other public insurance (14%).

- Over three-quarters (77%) of the non-Medicare population had private insurance. An additional 10% had public insurance only and the remaining 13% were uninsured.

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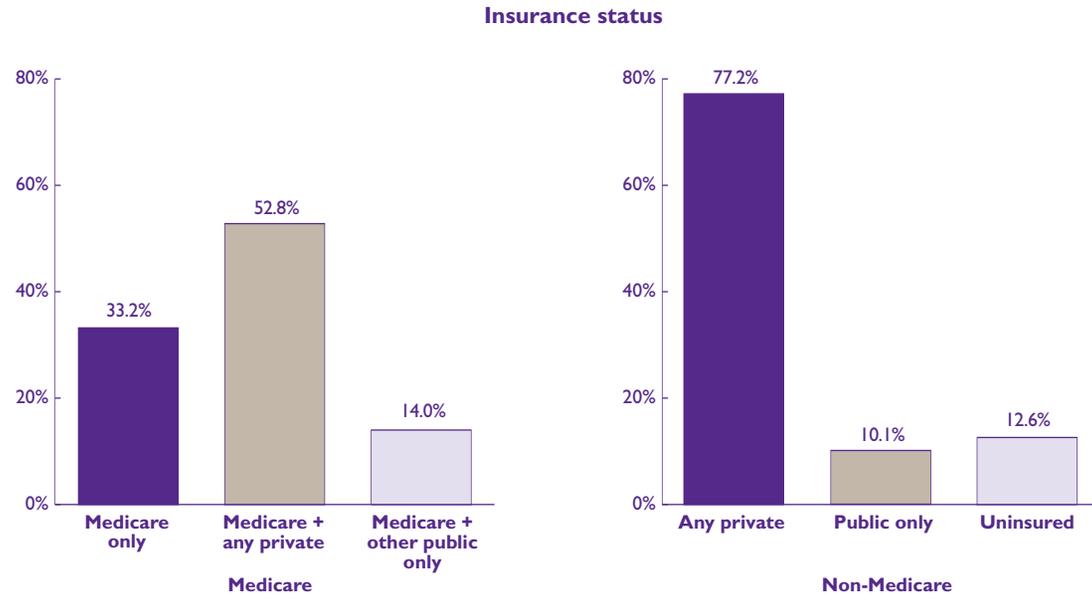
Insurance status

Outpatient prescription medicines
U.S. community population, 1999

Does the out-of-pocket payment share vary by insurance status?
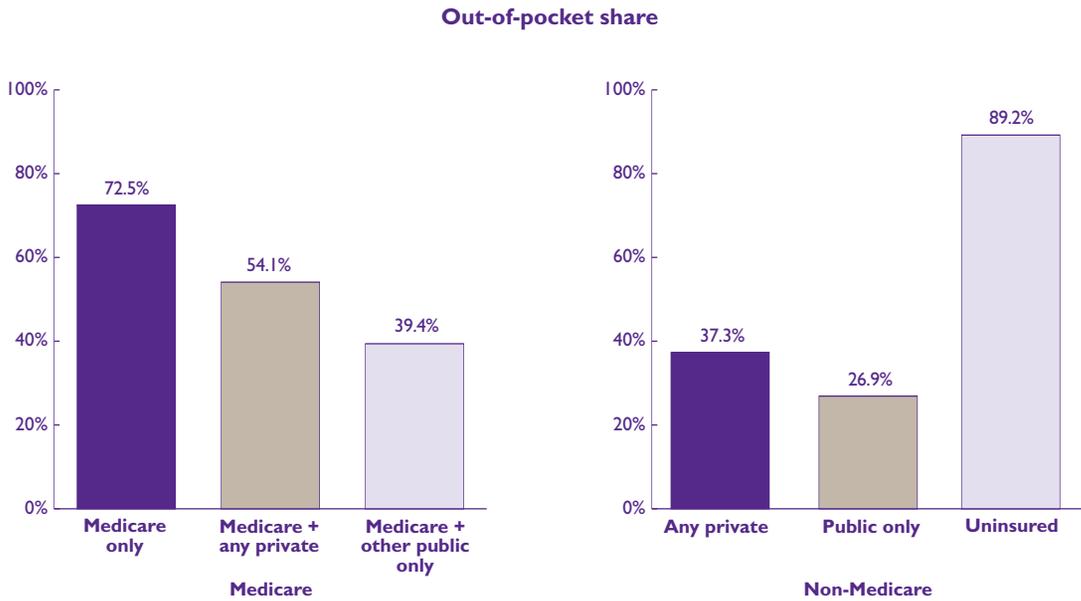
Out-of-pocket share

Outpatient prescription medicines
U.S. community population, 1999

- In 1999, Medicare beneficiaries who did not have supplemental health insurance paid for nearly three-quarters of their drug expenses out of pocket. The out-of-pocket share was smaller for beneficiaries with any private insurance (54%) or Medicare and public insurance only (39%).

- Uninsured people paid for 89% of their drug expenses out of pocket. The out-of-pocket share was smaller for people in the non-Medicare population with any private insurance (37%) or public insurance only (27%).

Do out-of-pocket payments for prescription medicines make up a large share of out-of-pocket payments for health care?

- Although prescription medicines accounted for a little less than 16% of total health care expenses in 1999, they accounted for nearly two-fifths (38%) of all out-of-pocket expenses.

- The share of all out-of-pocket health spending that went for prescription medicines was nearly three-fifths (57%) for Medicare beneficiaries but only 28% for the non-Medicare population.

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Out-of-pocket drug expenses as percent of total out-of-pocket expenses for health care
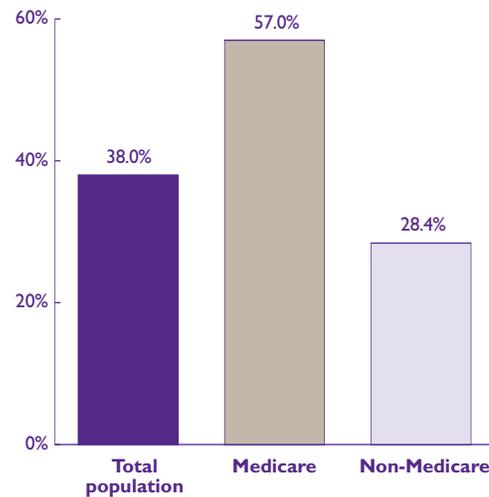
Outpatient prescription medicines
U.S. community population, 1999

Is the distribution of expenses throughout the population different for prescription medicines than for total health care?

- In 1999, the distribution of expenses throughout the population was similar for prescription medicines and all health care.

- For both types of expenses, the 10% of the population with the highest spending accounted for about two-thirds of the total, and the top 30% accounted for 90% or more of the total.

- The bottom 50% accounted for a larger share of total health expenses (3%) than of drug expenses (0.6%).
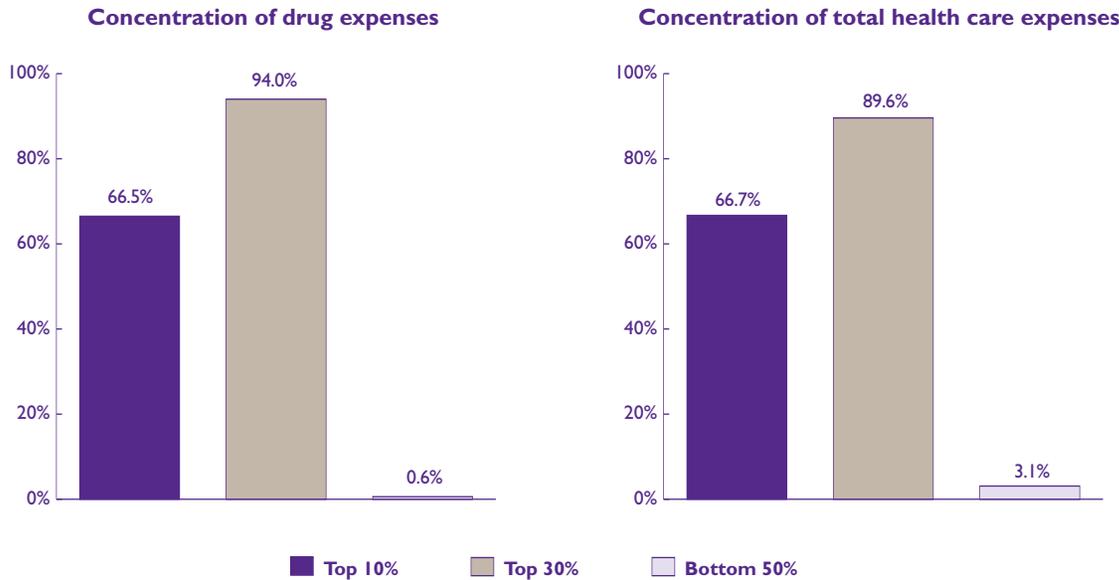
Concentration of drug expenses

66.5%
94.0%
0.6%

Concentration of total health care expenses

66.7%
89.6%
3.1%

■ Top 10%   ■ Top 30%   □ Bottom 50%

Outpatient prescription medicines
U.S. community population, 1999

Population Subgroups

Use and expenses for prescription drugs vary across subgroups of the community population for many reasons, including differences in access and differences in health status. Appropriate health care policy decisions regarding prescription drugs require both an understanding of how total and out-of-pocket expenses vary across subgroups of the community population and information on the extent to which drug expenses are concentrated within certain subgroups. This section presents information on total expenses and out-of-pocket expenses by age, insurance status, health status, and income. Results are presented for the total population, Medicare beneficiaries, and the non-Medicare population.

Are prescription medicine expenses highly concentrated in certain age groups?

- Medicare covers not only elderly people but also certain younger people with disabilities and people with end-stage renal disease (permanent kidney failure with dialysis or a transplant, sometimes called ESRD). In 1999, expenses for Medicare beneficiaries were somewhat concentrated in the non-elderly age group. People under 65 made up 11% of total beneficiaries but accounted for 16% of expenses.

- In the non-Medicare population, prescription medicine expenses were concentrated among people in the older age groups.

Although people ages 45-64 made up only 24% of the non-Medicare population, they accounted for 53% of prescription expenses. People under 45 made up 76% of the non-Medicare population but accounted for only about 47% of drug expenses.
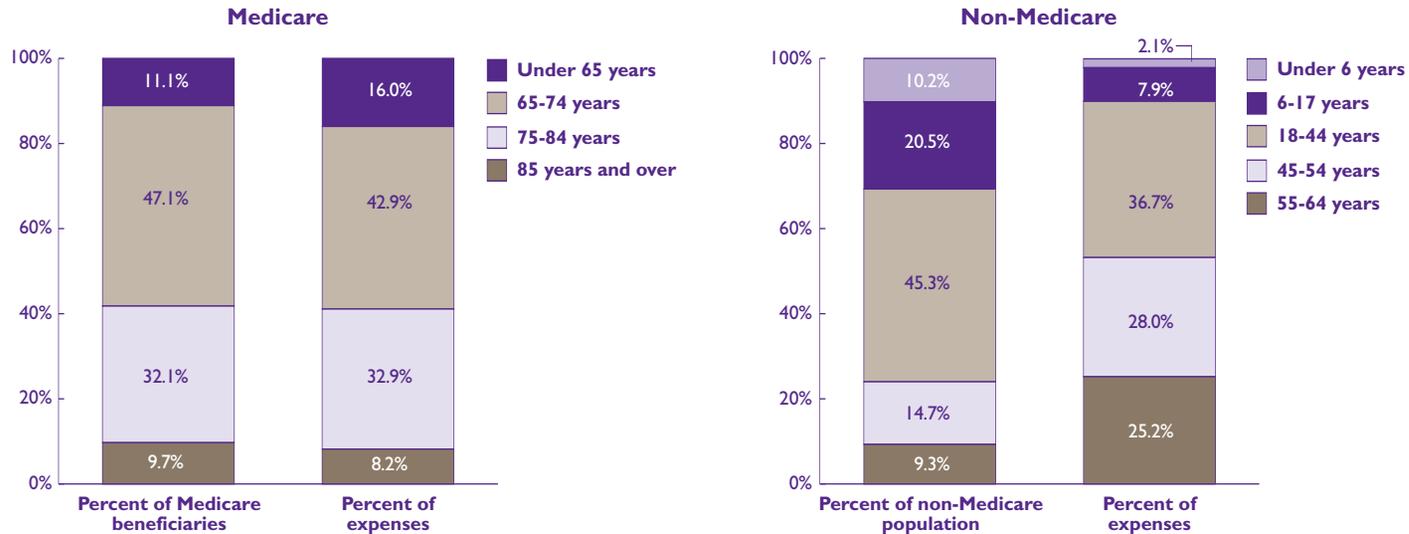
Medicare

	Percent of Medicare beneficiaries	Percent of expenses
Under 65 years	11.1%	16.0%
65-74 years	47.1%	42.9%
75-84 years	32.1%	32.9%
85 years and over	9.7%	8.2%

Non-Medicare

	Percent of non-Medicare population	Percent of expenses
Under 6 years	10.2%	2.1%
6-17 years	20.5%	7.9%
18-44 years	45.3%	36.7%
45-54 years	14.7%	28.0%
55-64 years	9.3%	25.2%

Outpatient prescription medicines
U.S. community population, 1999

Are prescription medicine expenses highly concentrated among people with private insurance?

- In 1999, drug expenses were not disproportionately concentrated in any group of Medicare beneficiaries classified by their health insurance status.

- In the non-Medicare population, drug expenses were more concentrated among people with public insurance, less concentrated among the uninsured, and about proportionate for people with private insurance
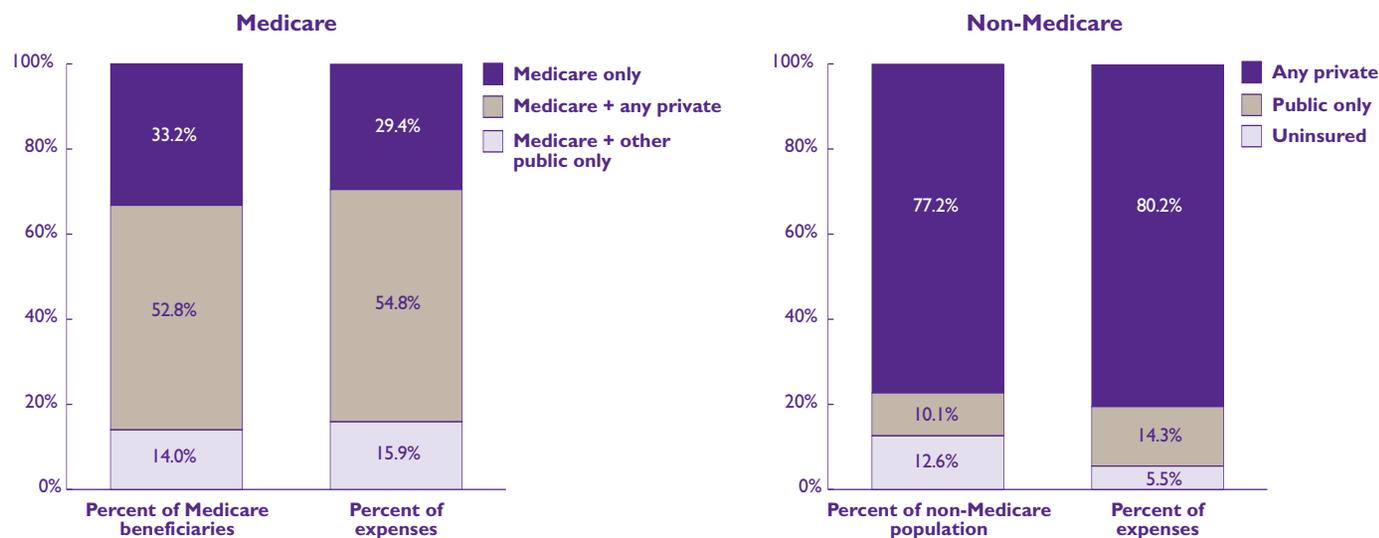
Medicare

Legend:
- Medicare only
- Medicare + any private
- Medicare + other public only

	Percent of Medicare beneficiaries	Percent of expenses
Medicare only	33.2%	29.4%
Medicare + any private	52.8%	54.8%
Medicare + other public only	14.0%	15.9%

Non-Medicare

Legend:
- Any private
- Public only
- Uninsured

	Percent of non-Medicare population	Percent of expenses
Any private	77.2%	80.2%
Public only	10.1%	14.3%
Uninsured	12.6%	5.5%

Outpatient prescription medicines
U.S. community population, 1999

Are prescription medicine expenses highly concentrated among people in fair or poor health?

- In 1999, people in fair or poor health represented 24% of the Medicare population yet accounted for 36% of total prescription medicine expenses for that population. In contrast, those in very good or excellent health made up 43% of the

  Medicare population yet accounted for only 28% of total drug expenses.

- In the non-Medicare population, people in fair or poor health represented about 5% of the population yet accounted for 26%

  of total prescription medicine expenses. Those in very good or excellent health made up 75% of the non-Medicare population but accounted for only 46% of total drug expenses.
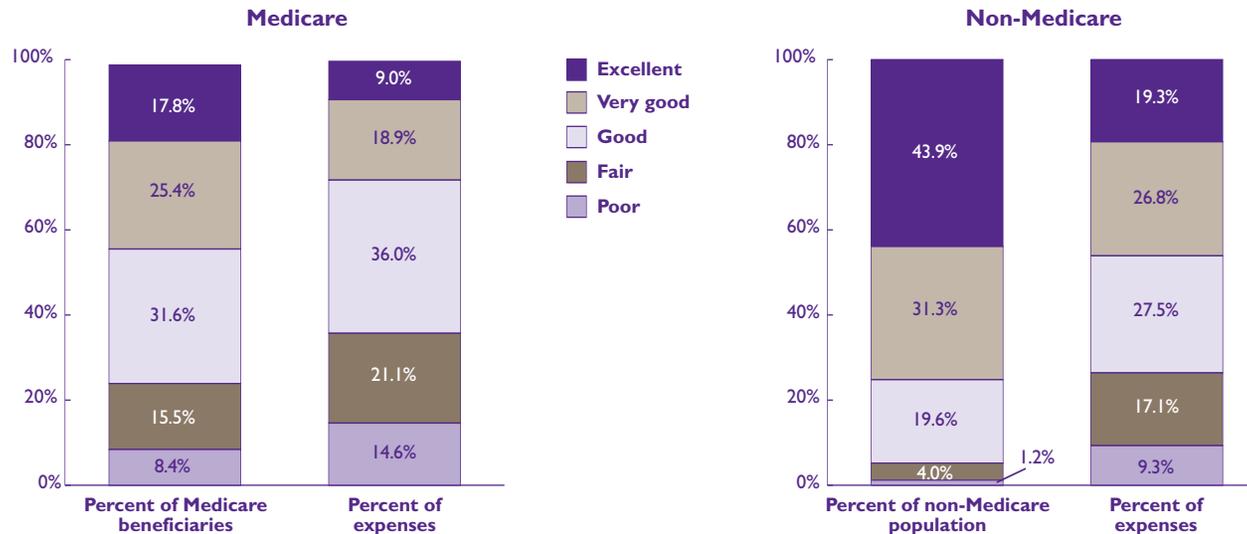
Medicare

Percent of Medicare beneficiaries	Percent of expenses
Excellent 17.8%	9.0%
Very good 25.4%	18.9%
Good 31.6%	36.0%
Fair 15.5%	21.1%
Poor 8.4%	14.6%

Legend:
- Excellent
- Very good
- Good
- Fair
- Poor

Non-Medicare

Percent of non-Medicare population	Percent of expenses
Excellent 43.9%	19.3%
Very good 31.3%	26.8%
Good 19.6%	27.5%
Fair 4.0%	17.1%
Poor 1.2%	9.3%

Outpatient prescription medicines
U.S. community population, 1999

# Are prescription medicine expenses highly concentrated among lower income groups?

- In 1999, prescription medicine spending was not disproportionately concentrated in any income group of Medicare beneficiaries.

- Among the non-Medicare population, prescription expenses were not disproportionately concentrated among the poor but were disproportionately concentrated in the highest income group.

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Medicare

Legend:
- High income
- Middle income
- Low income
- Near poor
- Poor

Percent of Medicare beneficiaries:
- 27.5%
- 33.4%
- 20.7%
- 6.2%
- 12.2%

Percent of expenses:
- 25.1%
- 36.2%
- 19.9%
- 6.1%
- 12.7%

Non-Medicare

Percent of non-Medicare population:
- 40.2%
- 30.8%
- 13.0%
- 4.2%
- 11.8%

Percent of expenses:
- 46.5%
- 27.1%
- 9.4%
- 2.8%
- 14.2%

Outpatient prescription medicines
U.S. community population, 1999

MEPS Medical Expenditure Panel Survey
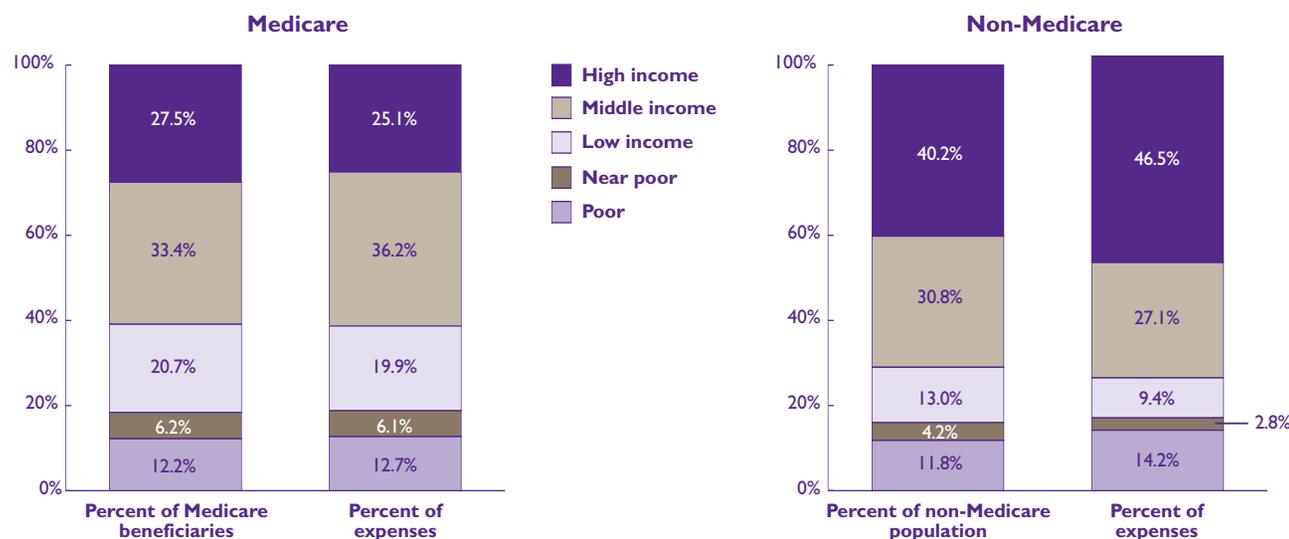
Do per-user prescription medicine expenses vary by age?

- In 1999, non-elderly beneficiaries had the highest average prescription expenses per user ($1,670) in the Medicare group.

- The out-of-pocket payment share for prescription medicines per user for Medicare beneficiaries was highest for those age 85 and over (71%) and next highest for those ages 75-84 (60%).

- Average annual drug expenses per user in the non-Medicare population increased steadily with age, from $85 for children under 6 to $829 for the 55-64 age group.

Medicare beneficiaries with expense
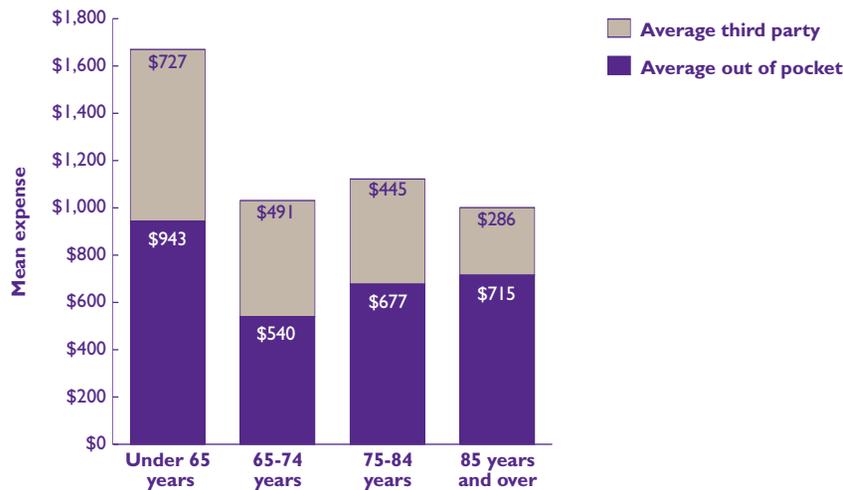
Mean expense

	Under 65 years	65-74 years	75-84 years	85 years and over
Average third party	$727	$491	$445	$286
Average out of pocket	$943	$540	$677	$715

Average third party
Average out of pocket

Outpatient prescription medicines
U.S. community population, 1999

Non-Medicare population with expense

Mean expense

|	Under 6 years	6-17 years	18-44 years	45-54 years	55-64 years
Average third party	$49	$129	$203	$401	$509
Average out of pocket	$35	$68	$138	$241	$320
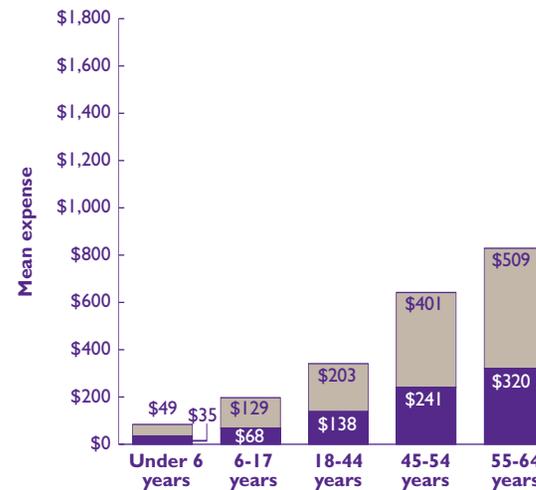
# How do prescription medicine expenses per user vary by insurance status?

- In 1999, the average expense for Medicare beneficiaries with an expense ranged from $1,315 for people with public insurance coverage in addition to Medicare to $1,024 for those with no coverage except Medicare.

- In the non-Medicare population, prescription medicine users' average expense was much higher for people with only public insurance coverage ($569) than for people who had any private insurance ($397) or were uninsured ($275).

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Medicare beneficiaries with expense

■ Average third party
■ Average out of pocket

Outpatient prescription medicines
U.S. community population, 1999

Non-Medicare population with expense

MEPS Medical Expenditure Panel Survey
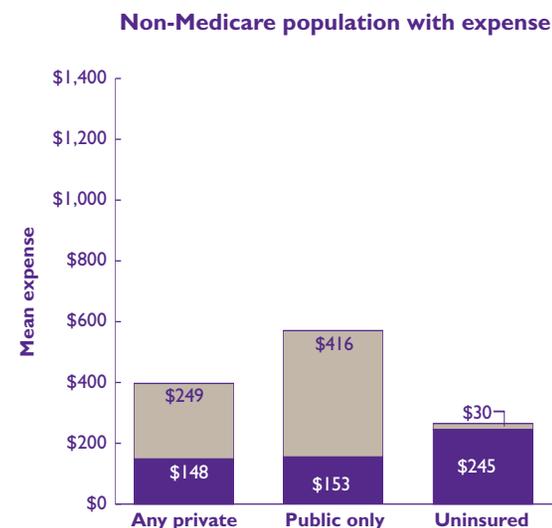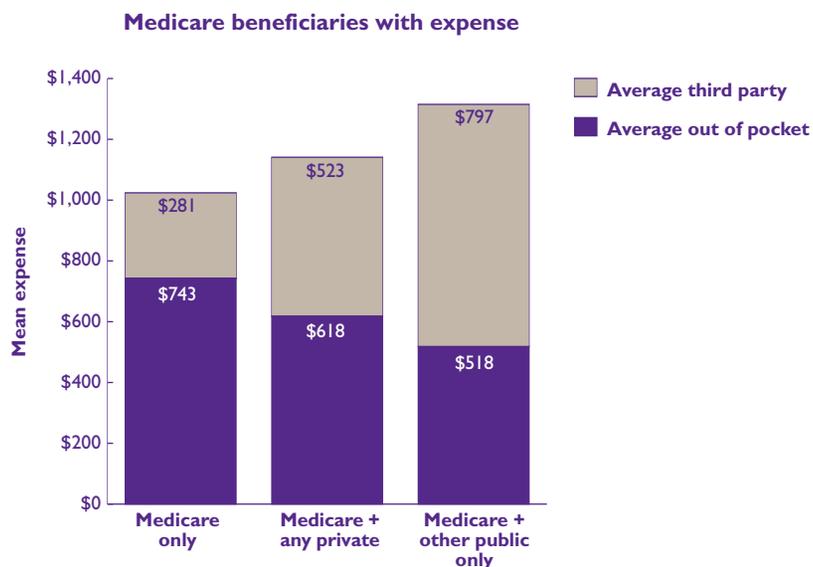
Is health status related to per-user prescription medicine expenses?

- In 1999, average prescription medicine expenses for people with an expense increased as health status worsened for both the Medicare and non-Medicare populations.

- The share of per-user expenses paid out of pocket did not change with health status for Medicare beneficiaries, remaining stable at 54%-59%. However, for the non-Medicare population,

the out-of-pocket share ranged from 43% for people in excellent health to 33% for those in fair health.

Medicare beneficiaries with expense

Legend:
- Average third party
- Average out of pocket

Values (Average third party / Average out of pocket):
- Excellent: $274 / $354
- Very good: $358 / $482
- Good: $514 / $732
- Fair: $655 / $784
- Poor: $825 / $1,072

Outpatient prescription medicines
U.S. community population, 1999

Non-Medicare population with expense

Values (Average third party / Average out of pocket):
- Excellent: $121 / $92
- Very good: $196 / $131
- Good: $305 / $187
- Fair: $811 / $405
- Poor: $1,215 / $714
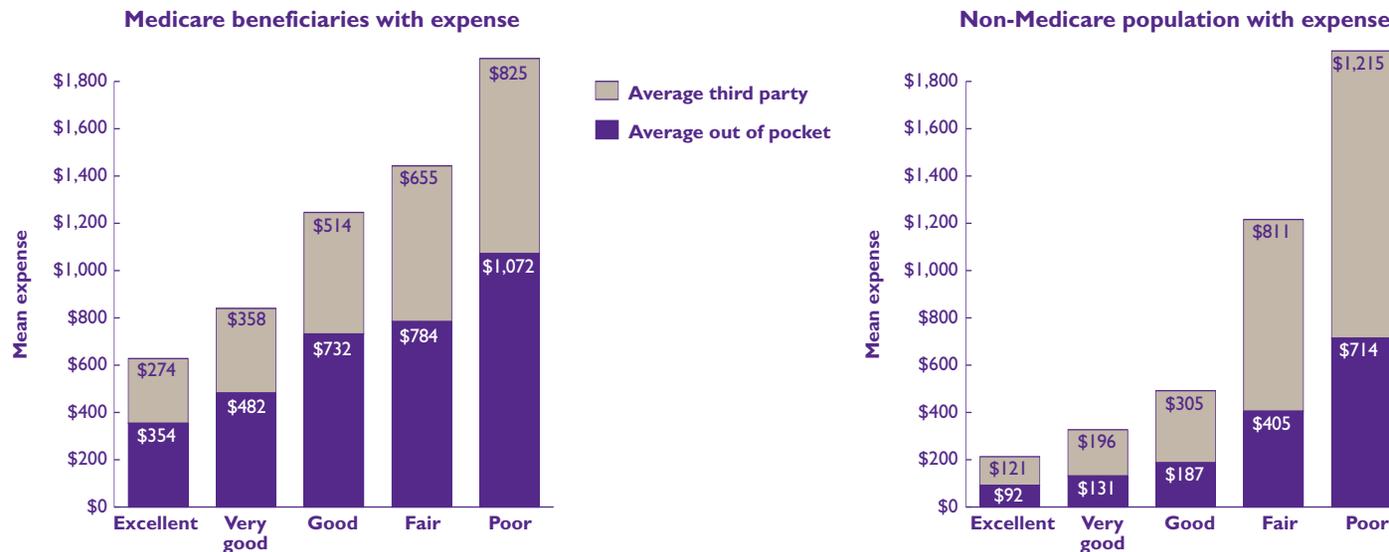
How are income and per-user prescription medicine expenses related?

- In 1999, there were no significant differences across income groups in per-user prescription medicine expenses and out-of-pocket shares for Medicare beneficiaries except that the high-income group had lower average expenses and a lower out-of-pocket share than the middle-income group.

- In the non-Medicare population, people in the high-income group and the poor group had the highest average drug expenses. People in the high-income group had lower out-of-pocket shares than the near-poor, low-income, and middle-income groups.
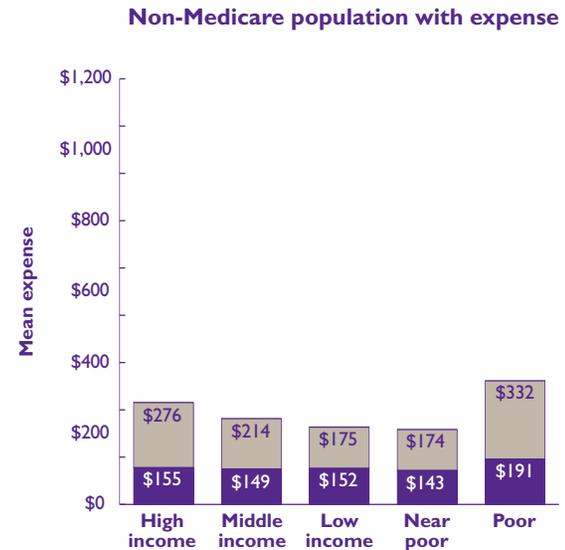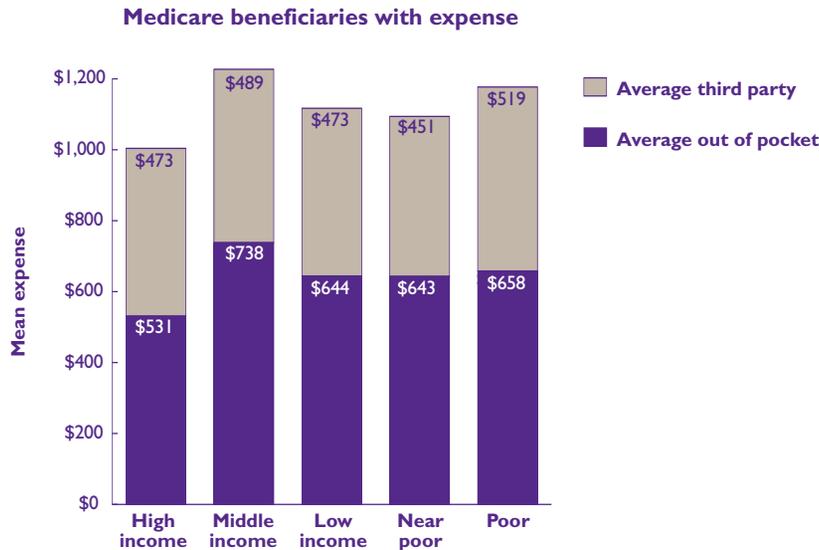
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Medicare beneficiaries with expense

Legend:
- Average third party
- Average out of pocket

	High income	Middle income	Low income	Near poor	Poor
Average third party	$473	$489	$473	$451	$519
Average out of pocket	$531	$738	$644	$643	$658

Outpatient prescription medicines
U.S. community population, 1999

Non-Medicare population with expense

	High income	Middle income	Low income	Near poor	Poor
Average third party	$276	$214	$175	$174	$332
Average out of pocket	$155	$149	$152	$143	$191

Mean expense

Therapeutic Classes of Drugs

Outpatient prescription medicines help in a wide range of situations, from management of chronic conditions to treatment of acute conditions. Therefore, a complete picture of outpatient prescription drug use requires information on which types of drugs are most commonly used by the community population.

This section presents information on the five therapeutic classes of prescribed medicines (such as cardiovascular agents, hormones, and anti-infectives) that accounted for the largest percent of expenses for several population groups and gives the percent of people using them.

The population groups for which data are presented are the total population, elderly Medicare beneficiaries, non-elderly Medicare beneficiaries (under age 65), non-Medicare adults (18-64), and children (under 18).

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What are the top 5 therapeutic classes of drugs for the community population?

- In 1999, of the $94.2 billion spent for prescription drugs by the community population, a larger percent (20%) was spent on cardiovascular agents than on any other therapeutic class. The other therapeutic classes in the top 5 in expenses were hormones, central nervous system agents, psychotherapeutic agents, and respiratory agents.

- Of the top-selling classes of drugs, central nervous system agents were used by the highest percent of people (21%), followed by hormones (19%), respiratory agents (18%), cardiovascular agents (16%), and psychotherapeutic agents (10%).

Percent of drug expenses
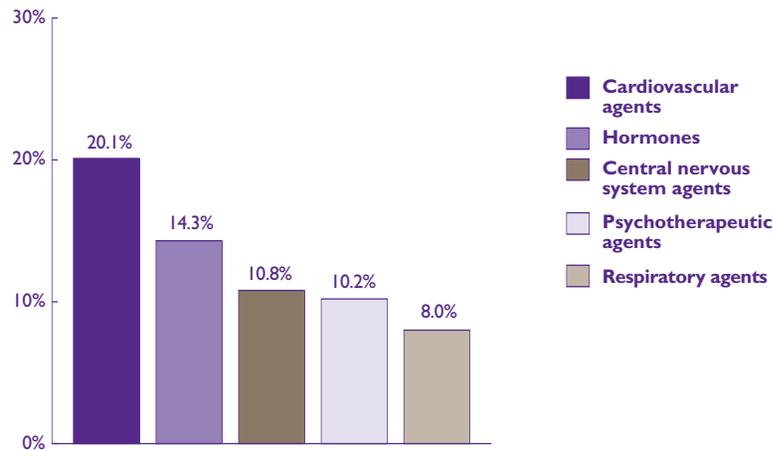
Percent of population with expense

Cardiovascular agents
Hormones
Central nervous system agents
Psychotherapeutic agents
Respiratory agents
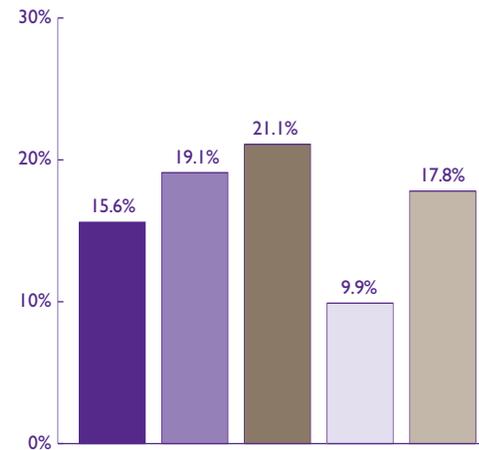
Outpatient prescription medicines
U.S. community population, 1999

What are the top 5 therapeutic classes of prescribed medicines for elderly Medicare beneficiaries?

- In 1999, of the $32.1 billion spent on prescription drugs by the 34.3 million elderly (65 and over) Medicare beneficiaries, a larger percent (32%) was spent on cardiovascular agents than on any other therapeutic class. The other therapeutic classes in the top 5 in expenses were hormones, anti-hyperlipidemic (cholesterol-lowering) agents, central nervous system agents, and gastrointestinal agents.

- Of the top-selling classes of drugs, cardiovascular agents were purchased by the highest percentage of people (59%), followed by hormones (40%), central nervous system agents (34%), anti-hyperlipidemic agents (20%), and gastrointestinal agents (20%).
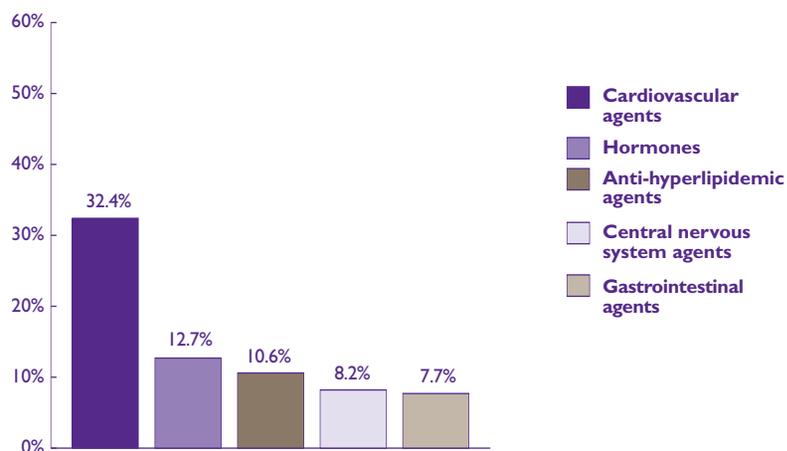
29

Percent of drug expenses

Cardiovascular agents: 32.4%
Hormones: 12.7%
Anti-hyperlipidemic agents: 10.6%
Central nervous system agents: 8.2%
Gastrointestinal agents: 7.7%

Outpatient prescription medicines
U.S. community population, 1999

Percent of population with expense

Cardiovascular agents: 58.8%
Hormones: 40.2%
Anti-hyperlipidemic agents: 20.4%
Central nervous system agents: 33.8%
Gastrointestinal agents: 20.0%

Legend:
- Cardiovascular agents
- Hormones
- Anti-hyperlipidemic agents
- Central nervous system agents
- Gastrointestinal agents
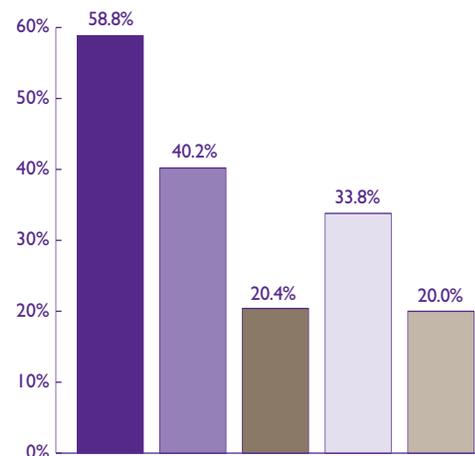
What are the top 5 therapeutic classes of drugs for non-elderly Medicare beneficiaries?

- In 1999, of the $6.1 billion spent on prescription drugs by the 4.3 million non-elderly (under age 65) Medicare beneficiaries, there was no significant difference in the percents spent on psychotherapeutic agents, central nervous system agents, and cardiovascular agents. These were the top 3 classes of drugs for which reliable estimates could be made.

- Over one-half (52%) of all non-elderly Medicare beneficiaries used central nervous system agents. This was a larger percent than for any of the other top-selling therapeutic classes of drugs for which reliable estimates could be made.

Percent of drug expenses
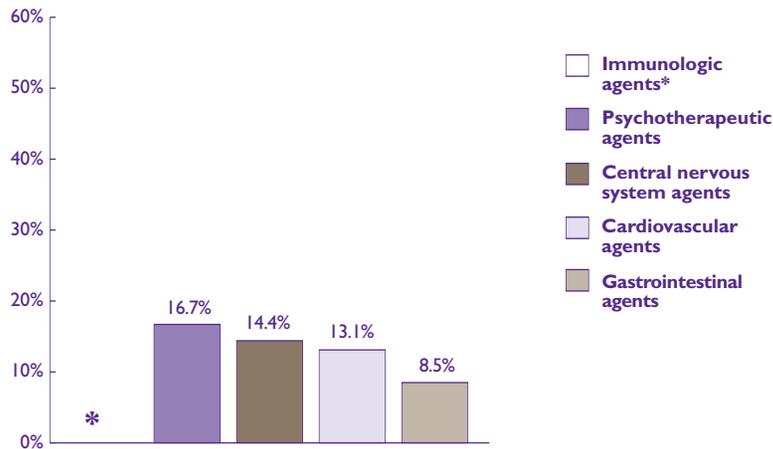
☐	Immunologic agents*
◼ (purple)	Psychotherapeutic agents
◼ (dark)	Central nervous system agents
◻ (light)	Cardiovascular agents
◼ (tan)	Gastrointestinal agents

* 16.7%
14.4%
13.1%
8.5%

* Reliable estimates cannot be produced because relative standard error is too large.

Outpatient prescription medicines
U.S. community population, 1999

Percent of population with expense

34.3%
52.1%
38.1%
21.5%

* Reliable estimates cannot be produced because relative standard error is too large.

# What are the top 5 therapeutic classes of prescribed medicines for the non-Medicare adult population?

- In 1999, of the $50.4 billion spent on prescription drugs by the 164.9 million persons in the non-Medicare adult population (18-64 years), a larger percent (17%) was spent on hormones than on any other therapeutic class. The next 4 top-selling classes of drugs, in order, were cardiovascular agents, psychotherapeutic agents, central nervous system agents, and respiratory agents.

- Nearly one-quarter (23%) of the adult non-Medicare population used central nervous system agents. This was a higher percent than for any of the other top-selling therapeutic classes of drugs for this population.

31

Percent of drug expenses

17.2% 15.2% 12.6% 12.3% 8.9%

Legend:
- Hormones
- Cardiovascular agents
- Psychotherapeutic agents
- Central nervous system agents
- Respiratory agents

Outpatient prescription medicines
U.S. community population, 1999

Percent of population with expense

20.7% 12.6% 9.9% 23.4% 17.4%
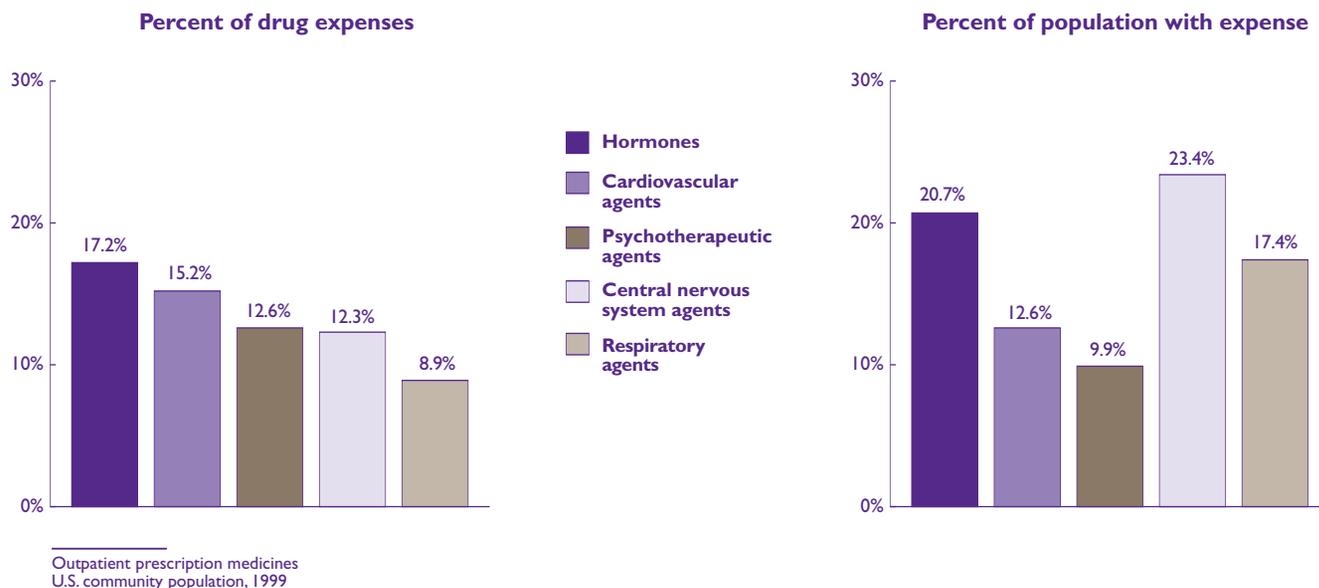
What are the top 5 therapeutic categories of prescribed medicines for children?

- In 1999, of the $5.6 billion spent on prescription drugs by the 72.9 million children under 18, respiratory agents (23%) and anti-infectives (18%) accounted for the highest percentages of total expenses.

- Nearly 3 out of 10 children in this population (28%) used anti-infective drugs, a higher percent than for any of the other top-selling therapeutic classes of drugs for this population.

Percent of drug expenses

22.6%
17.8%
13.5%
12.5%
*

Respiratory agents
Anti-infectives
Psychotherapeutic agents
Topical agents
Miscellaneous agents*

* Reliable estimates cannot be produced because relative standard error is too large.

Outpatient prescription medicines
U.S. community population, 1999

Percent of population with expense

17.0%
28.1%
4.2%
17.6%
*
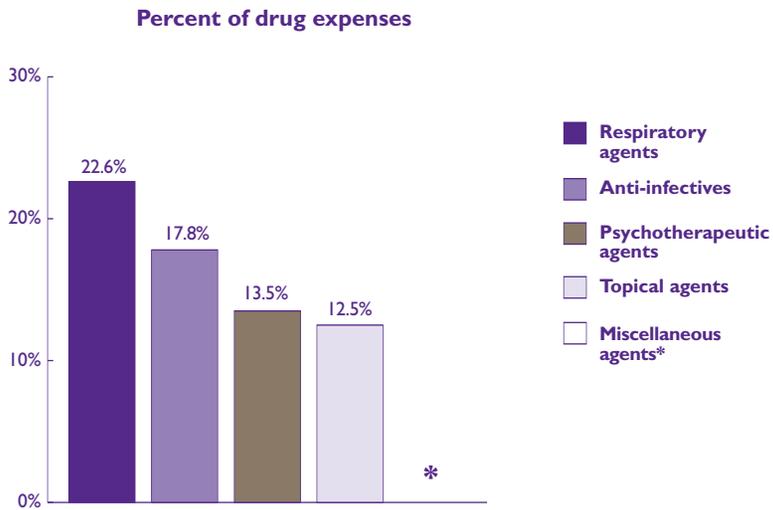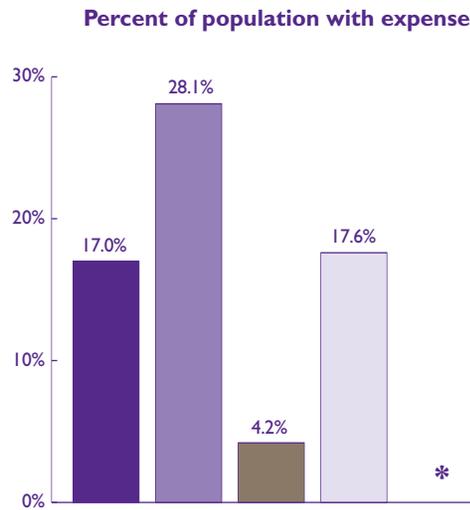
* Reliable estimates cannot be produced because relative standard error is too large.

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Please consult the MEPS Web site at **http://www.meps.ahrq.gov/** for an updated publications list and other information from MEPS. For additional information, contact the MEPS Project Director at mepspd@ahrq.gov.

Outpatient Prescription Medicines

This category covers expenses for all outpatient prescription medications that the household or individual purchased or refilled from a pharmacy provider not in an inpatient setting. It includes expenses for insulin and diabetic supplies and equipment. It does not include over-the-counter medicines.

Source of Payment

The percents of sources of payment shown here represent the share of total expenses (summed across all persons) paid for by each payment source. Sources of payment are classified as follows:

Out-of-pocket—This category includes payments by user or family.

Private insurance—Private insurance includes payments made by major medical insurance plans covering hospital and medical care (excluding payments from Medicare, Medicaid, and other public sources). Payments from Medigap plans for Medicare beneficiaries, CHAMPUS (the military health care system now called TRICARE), and CHAMPVA (for military veterans) are included. Payments from plans that provide coverage for a single service only, such as dental or vision coverage, are not included.

Public insurance—Public insurance includes Medicare; Medicaid; Department of Veterans Affairs (excluding CHAMPUS/CHAMPVA); other Federal sources (Indian Health Service, military treatment facilities, and other care provided by the Federal Government); various State and local sources (community and neighborhood clinics, State and local health departments, and State programs other than Medicaid); Medicaid payments reported for persons who were not enrolled in the Medicaid program at any time during the year; and other public sources of payment.

Other—This category includes Workers' Compensation; unclassified sources (automobile, homeowner's, or liability insurance and other miscellaneous or unknown sources); and any type of private insurance payments reported for people without private health insurance coverage during the year.

Population Characteristics

In general, population characteristics were measured as of December 31, 1999, or the last date that the sample person was part of the civilian noninstitutionalized population living in the United States prior to December 31, 1999. Subgroups within this population are defined here.

Medicare beneficiary/non-Medicare population—People are considered Medicare beneficiaries if they were covered by Medicare for at least half of the months they were in the survey. For analytic purposes, this classification also includes a very small number of persons age 65 and over who did not report Medicare coverage. All others are considered members of the non-Medicare population.

Elderly/non-elderly—People are considered elderly if they were 65 or over. All others are considered non-elderly.

Adult/child—People are considered adults if they were 18 or over. Those under age 18 are considered children.

Health Insurance Status

Individuals under age 65 were classified into the following three insurance categories:

Any private health insurance— Individuals with insurance that provides coverage for hospital and physician care at any time during the year, other than Medicare, Medicaid, or other public hospital/physician coverage, are classified as having private insurance. Medigap coverage is included in this category. Persons with Armed-Forces-related coverage—CHAMPUS/CHAMPVA (currently called TRICARE)—are also included. Insurance that provides coverage for a single service only, such as dental or vision, is not included.

Public coverage only—Individuals are considered to have public coverage only if they met both of the following criteria:

- They were not covered by private insurance at any time during the year.

- They were covered by one of the following public programs at any point during the year: Medicare, Medicaid, or other public hospital/physician coverage.

Uninsured—The uninsured are defined as persons not covered by Medicare, CHAMPUS/CHAMPVA, Medicaid, other public hospital/physician programs, or private hospital/physician insurance at any time during 1999. Individuals covered only by noncomprehensive State-specific programs (e.g., Maryland Kidney Disease Program, Colorado Child Health Plan) or private single-service plans (e.g., coverage for dental or vision care only, coverage for accidents or specific diseases) are not considered to be insured.

Individuals age 65 and over were classified into the following three insurance categories:

Medicare and private insurance—This category includes persons classified as Medicare beneficiaries and covered by Medicare and a supplementary private policy.

Medicare and other public insurance—This category includes persons classified as Medicare beneficiaries who met both of the following criteria:

- They were not covered by private insurance at any time during the year.

- They were covered by one of the following public programs at any point during the year: Medicaid, other public hospital/physician coverage.

Medicare only—This category includes persons classified as Medicare beneficiaries but not classified as Medicare and private insurance or as Medicare and other public insurance.

Income

Each person was classified according to the total 1999 income of his or her family. Within a household, all individuals related by blood, marriage, or adoption were considered to be a family. Personal income from all family members was summed to create family income. Possible sources of income included annual earnings from wages, salaries, bonuses, tips, and commissions; business and farm gains and losses; unemployment and Worker's Compensation; interest and dividends; alimony, child support, and other private cash transfers; private pensions, IRA withdrawals, Social Security, and veterans' payments; Supplemental Security Income and cash welfare payments from public assistance, Aid to Families with Dependent Children, and Aid to Dependent Children; gains or losses from estates, trusts, partnerships, S corporations, rent, and royalties; and a small amount of other income.

Poverty status is the ratio of family income to the 1999 Federal poverty thresholds, which vary by family size and age of the head of the family. Those categories are:

Poor—Persons in families with income less than or equal to 100% of the poverty line are considered poor. (Some of these persons are in families reporting negative income.)

Near poor—Persons in families with income over 100% through 125% of the poverty line are considered near poor.

Low income—Persons in families with income over 125% through 200% of the poverty line are considered low income.

Middle income—Persons in families with income over 200% through 400% of the poverty line are considered middle income

High income—Persons in families with income over 400% of the poverty line are considered high income.

Perceived Health Status

The MEPS respondent was asked to rate the health of each person in the family according to the following categories: excellent, very good, good, fair, and poor.

Therapeutic Classifications

Each drug that was listed as purchased or otherwise obtained in the MEPS Prescribed Medicines (PMED) File HC-033A was assigned to a major therapeutic class by linking the PMED file to the Multum Lexicon database, a product of Cerner Multum, Inc. The Multum therapeutic classification system is designed to replicate the type of organizational schemes used in practice by physicians and pharmacists. It is important to note that the assigned therapeutic class for a particular drug purchase in MEPS will not always correspond to the reported condition for the drug. Also, a small percent of drug purchases were assigned to more than one major therapeutic class. These drugs were assigned to a single therapeutic class using a combination of condition information and random assignment.